

Entrepreneurship
Unit 3.2A: Creating the Business Plan
“A Complete Discussion of Legal Forms of Ownership”

Student: _____ Date: _____ Period: _____

1. Forms of Legal Ownership

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- Corporation

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2. Other Legal Form of Ownership

3. Characteristics of a Sole Proprietorship

- Owned and operated by _____ person
- Easy or hard to create? _____
- Receives _____, incurs _____, and is
liable for the debts of business
- Most entrepreneurs often switch to another form that provides more personal financial protection
as the business _____.

Advantages of a Sole Proprietorship

✓
✓
✓
✓

Disadvantages of a Sole Proprietorship

✓
✓
✓
✓
✓

4. Characteristics of a Partnership

- A business with _____ owners
- Partners do _____ have to share a business equally
- How the partnership interests are divided are spelled out in the _____.

Advantages of a Partnership

✓
✓
✓

Disadvantages of a Partnership

✓
✓
✓

5. Characteristics of a Corporation

- Registered by the _____ and operates _____ from its owners
- A corporation _____ after the owners die or have sold interest
- Ownership is represented by _____, public or private

Advantages of a Corporation

✓

✓

✓

Disadvantages of a Corporation

✓

✓

✓

✓

6. Characteristics of the Two (2) Types of Corporations

C-Corporation

- The most common corporate form for **large** businesses.
Example: _____
- Can create status that may assist in getting _____.
- Shareholders are owners of the corporation
- Required to have an elected _____ to make decisions for the company
- Structured to accommodate employee benefits; *Examples:* _____

Subchapter S Corporation

- Designed for owners of **smaller** companies who want the liability protection of a corporation, but want to avoid _____
- Shareholders liable to amount invested
- In smaller private corporations, the founders generally hold _____ the stock.

****Pass-through Taxation:** _____

7. Other Forms of Ownership

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8. IMPORTANT: Before you start your company...

Check with your:

- ①
- ②
- ③

Why? _____

